



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

September 8, 2008

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To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

WASHINGTON, D.C. UPDATE

Congressional Calendar and Outlook

On September 8, 2008, Congress reconvened from its five-week summer recess with plans to adjourn for the year at the end of September. This year has been marked by partisan gridlock in Congress. One example of the gridlock are "holds" by Senator Coburn (R-OK) to block Senate floor action on roughly 80 bills. Senate Democrats combined 35 of these bills, including those reauthorizing Community-Oriented Policing Services (COPS), Runaway and Homeless Youth, and Pre-Disaster Hazard Mitigation Grant programs, into a single omnibus bill (S. 3297), and sought to move the bill on the Senate floor on July 28, 2008. However, a motion to end floor debate on S. 3297 was defeated 52 to 40 along party lines, falling eight votes short of the 60 votes needed to bring the bill to a Senate vote on its passage.

There also has been little progress on the 12 annual appropriations bills, which would fund discretionary (non-entitlement) programs and activities in Federal Fiscal Year (FFY) 2009. Even though FFY 2009 begins on October 1, 2008, the Senate has not passed any FFY 2009 appropriations bill while the House has passed only the Military Construction/Veteran Affairs Appropriations bill (H.R. 6599). The House Appropriations Committee has not reported any other FFY 2009 appropriations bill while the Senate Appropriations Committee has reported nine of the 12 appropriations bills. House Committee action on other appropriations bills were postponed indefinitely after Republicans began to offer amendments to appropriations bills to allow more offshore oil drilling on the Outer Continental Shelf, which Congressional Democrats oppose.

Congressional Democratic leaders have indicated that they plan to pursue a continuing resolution (CR) to temporarily fund Federal programs and operations until after the next

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President is in office, which would avoid veto fights and prolonged negotiations with President Bush on individual FFY 2009 appropriations bills. The Democratic majority in Congress supports higher overall appropriations levels and have different budget priorities than President Bush. They are hopeful that the next President will be a Democrat and that the next 111th Congress will have a larger Democratic majority in both houses.

Last week, the Administration sent recommendations for a possible six-month CR, which included a recommendation that it not extend the current moratorium on offshore oil drilling, which has been renewed annually through the Interior Appropriations bill. The Congressional Democratic leadership, however, is certain to include an extension of this moratorium in the CR.

To address more immediate funding and economic stimulus needs, Congressional Democratic leaders plan to pursue a second supplemental appropriations/stimulus package this month. Senate Appropriations Committee Chairman Byrd (D-WVA) released a supplemental appropriations package on July 29th while House Democrats have not yet released their package. The President and Congressional Republicans, however, have not been supportive of a second supplemental appropriations/stimulus package. Moreover, the committee mark-up of Senator Byrd's second supplemental appropriations bill was cancelled after Republicans indicated that they would offer an amendment to repeal current limits on offshore oil drilling. Therefore, enactment of a second supplemental appropriations/stimulus bill this year faces an uphill battle.

Below is a summary of major items of County interest in Senator Byrd's supplemental appropriations package and in pending FFY 2009 appropriations bills, based on the available bill and report language and budget information released to date.

Second FFY 2008 Supplemental Appropriations/Stimulus Package

Senator Byrd's second supplemental appropriations/stimulus package would provide \$24.1 billion in additional funding, including for the following programs and activities:

- \$10.1 billion to address natural disasters, including \$910 million requested by Senator Feinstein for wildfire suppression, prevention, and rehabilitation activities;
- \$3.57 billion for highway investments and the transfer of cash into the Highway Trust Fund, which, otherwise is funded solely from gas tax revenues, to keep it solvent through FFY 2009;
- \$892.5 million for transit agencies to address capital and operating needs;

- \$500 million for employment and training services, half for dislocated workers and the other half for youth services;
- \$490 million for Byrne Justice Assistance Grants;
- \$300 million for competitive grants to state, local, and tribal governments for innovative energy efficiency and renewal energy demonstration projects;
- \$215 million for public housing capital assistance with priority given to funding to rehabilitate vacant rental housing; and
- \$40 million for senior meals programs.

FFY 2009 Labor/Health and Human Services (HHS)/Education Appropriations Bill

The Senate Appropriations Committee has reported its version of the FFY 2009 Labor/HHS/Education Appropriations bill (S. 3230), but House Appropriations Committee action on its version stopped after Ranking Minority Member Lewis (R-CA) sought to amend the bill to expand offshore oil drilling. On June 19, 2008, the House Appropriations Subcommittee previously approved a FFY 2009 Labor/HHS/Education Appropriations bill, which has not been released yet. The Senate and House bills would fund programs of County interest, including social services, community services, mental health, substance abuse, and employment and training block grant programs, at or near their prior year funding levels with a few exceptions, including:

- The Senate, but not House, bill reduces Hospital Preparedness Grant funding by \$61.7 million to \$361.7 million in FFY 2009 and adopts the Administration's budget proposal to reduce the grant cycle to nine months and three weeks.
- Both bills increase Community Service Employment for Older Americans funding from \$522 million to \$572 million in FFY 2009.
- Overall Older Americans Act nutrition grant funding would increase from \$758 million to \$808 million under the House bill and \$801 million under the Senate bill.

FFY 2009 Transportation/Housing and Urban Development Appropriations Bill

The Senate Appropriations Committee has reported its version of the FFY 2009 Transportation/Housing and Urban Development (HUD) Appropriations bill (S. 3261). The House Appropriations Committee has not yet approved its version though it was approved at the subcommittee level on June 20, 2008. According to the House subcommittee, the House bill would increase funding to maintain the current number of

Section 8 rental housing vouchers and increase Homeless Assistance Grants by nearly \$106 million to \$1.69 billion in FFY 2009. It also would increase overall Community Development Block Grant (CDBG) funding by \$134 million to \$4 billion in FFY 2009, but the subcommittee has not indicated how much of that amount would be appropriated for CDBG formula grants.

The Senate version would increase funding to maintain the current number of Section 8 vouchers, increase HOME Investment Partnership Program funding by \$263 million to nearly \$1.97 billion, and increase Housing Assistance Grant funding by \$81 million to nearly \$1.67 billion. The Senate bill would fund CDBG formula grants at \$3.6 billion, the same level as in FFY 2008.

FFY 2009 Commerce/Justice/Science Appropriations Bill

Both Senate and House Appropriations Committees have approved their respective FFY 2009 Commerce/Justice/Science (CJS) Appropriations bills though the House Appropriations Committee has not yet released its committee report and bill language. Both versions reject the President's proposal to terminate all existing state and local law enforcement programs, including the State Criminal Alien Assistance Program (SCAAP), Byrne Justice Assistance Grant (JAG), Southwest Border Prosecutor Program, DNA Initiative, and Community-Oriented Policing Services (COPS) programs, which are funded at a combined total of \$1.5 billion in FFY 2008. Instead, both would increase overall funding for state and local law enforcement programs.

Funding for SCAAP would increase from \$410 million to \$420 million in FFY 2009 in the House bill and drop to \$355 million in the Senate bill. Byrne JAG funding would increase from \$170 million to \$550 million in the House bill and \$580 million in the Senate bill.

FFY 2009 Homeland Security Appropriations Bill

Both Senate and House Appropriations Committees have approved their respective FFY 2009 Homeland Security Appropriations bills though the House Appropriations Committee has not yet released its committee report and bill language. Both versions would maintain overall FFY 2009 funding for first responder grants to state and local governments at roughly the same level as in FFY 2008 instead of reducing funding by nearly one-half, as proposed by the President.

FFY 2009 Energy and Water Appropriations Bill

Both Senate and House Appropriations Committees have approved their respective FFY 2009 Energy and Water Appropriations bill, the House Appropriations Committee has not yet released its committee report and bill language. This bill funds Army Corps

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of Engineers (Corps) civil works projects of County interest, such as Marina del Rey maintenance dredging and the Los Angeles County Drainage Area projects which are listed in the attached table. The House, but not Senate, bill includes \$295 million for the new Energy Efficiency Block Grant authorized by last year's Energy Bill.

Highway Trust Fund Solvency

The Department of Transportation now projects that, at the current spending rate, the Highway Trust Fund will have a zero balance by October 1, 2008, the start of FFY 2009. This projected shortfall is attributable to the combination of increased highway spending and drop in Federal gas tax revenues which have resulted from lower gas consumption and vehicle miles traveled. In response to this shortfall, on September 8, 2008, Transportation Secretary Mary Peters announced that reimbursement payments to states would be delayed from twice a day to once a week, and prorated if necessary. She also announced that the Administration would withdraw its opposition to legislation (H.R. 6532), which would transfer \$8 billion from the General Fund to the Highway Trust Fund. That amount is estimated to be sufficient to reimburse states for their projected expenditures through the end of FFY 2009 without having to delay payments to states.

H.R. 6532 was passed, 387 to 37, by the House on July 23, 2008 despite veto threats from the Administration, which expressed concern about setting the "precedent of shifting costs from users to taxpayers at large." However, at that time, the Administration had estimated that the Highway Trust Fund would have a \$4.3 billion balance at the start of FFY 2008. On September 8, 2008, Senate Republicans blocked an attempt by Senate Majority Leader Reid (D-NV) to pass the bill without committee action or floor amendments. In objecting to this attempt, Senator Gregg (R-NH), who is the Ranking Minority Member on the Senate Budget Committee, voiced concern about the precedent of using the General Fund rather than gas tax revenues to finance the Highway Trust Fund. Senate Republicans also may seek to amend the bill to expand offshore oil drilling -- an amendment which Democrats oppose. Senator Reid indicated that he will try once again to bring the bill to the Senate floor for a vote on final passage on September 9, 2008, but the bill's outlook is far from clear.

We will continue to keep you advised.

WTF:GK
MAL:MT:lm

Attachment

c: All Department Heads
Legislative Strategist

**FEDERAL FISCAL YEAR 2009 FUNDING LEVELS FOR
ARMY CORPS OF ENGINEERS PROJECTS OF COUNTY INTEREST IN
ENERGY AND WATER APPROPRIATIONS BILLS**

PROJECTS	House¹ 2009	Senate² 2009
General Investigations		
Arroyo Seco Watershed Feasibility Study	\$200,000	0
California Coastal Sediment Master Plan	\$900,000	\$900,000
Sun Valley Watershed Feasibility Study	\$200,000	0
Construction		
Los Angeles County Drainage Area (LACDA)	\$5,700,000	\$5,700,000
Operation and Maintenance		
Los Angeles County Drainage Area (LACDA)	\$3,796,000	\$3,996,000
Marina del Rey Maintenance Dredging – South Entrance and Main Channel	\$2,374,000	\$2,499,000
Continuing Authorities Program		
Tujunga Wash Restoration Project – Phase II	3	3

Footnotes

- ¹ In the draft FFY 2009 Energy and Water Appropriations bill, as approved by the House Appropriations Committee on June 25, 2008.
- ² In S. 3258, as reported by the Senate Appropriations Committee on July 14, 2008.
- ³ Both committees list projects to be considered for funding under the Continuing Authorities Program without specifying a dollar amount for each project.